



**INDUSTRY PROJECTIONS FOR
FORCE XXI/AAN
OR
WILL WE STILL BE THERE?**

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└ FORCE XXI

- ▴ Using advances in Information Technology
- ▴ Evolve a new force
- ▴ Ammunition still required

└ AAN

- ▴ A new fighting force
- ▴ Faster, lighter, more lethal
- ▴ "Legacy" or current force still a factor
- ▴ Ammunition still required

- └ Background**
- └ Status of XXI/AAN**
- └ Status of Ammo Base**
- └ Future of Base**
- └ Bulova Example**
- └ Conclusions**
- └ Recommendations**

└ Status of Force XXI/AAN Planning/Development

└ Strategies and Structure Being Defined

● Battle Labs

● Digitized Force Tests

└ Technology Needs Being Identified

● Example - Fuze Technologies Needed

+ Advanced Sensors

+ GPS Fuze

+ Microminaturization

└ Major Priority Programs Underway

● Crusader

● Commanche

● Digitization

└ However, Status of Ammo Base still Remains Critically in Danger due to low or no Budgets for Acquisition of Hardware

- └ Base Continues to Downsize - Companies going Commercial**
- └ Procurement for Production is low or eliminated**
- └ R&D Funding Minimal**
- └ Army 2000 POM to Sacrifice R&D/Procurement for Troop Support**
- └ Congress support Ammo - but has limited flexibility under budget cap**
- └ Unrestricted Globalization a Risk**

- └ As requirements disappear, so does industry**
- └ As programs go overseas, companies leave what's left of the base**
- └ Without a base, there is no R&D and there is no capability for production**
- └ Many companies tending toward commercial operations, sale/merger, or going out of business**



BULOVA EXAMPLE

- └ Major Fuze Producer for U. S. Army
- └ Downsizing of Bulova Military Capabilities
 - △ DOD buying minimal quantities of fuzes
 - △ Loss of Skilled Workforce (very difficult to replace)
 - △ Dismantle Volume Production Capability (all company-owned)
- └ Bulova Involvement in Commercial
 - △ 50% of sales 1998, zero in 1994, 80% in 1999
 - △ Electromechanical devices and assemblies for commercial products
 - △ Becoming a major outsource supplier
- └ If needed for Mobilization - Major Time/Effort needed to retrain, re-establish lines and produce fuzes

- └ Although information technology advances will make Force XX1 and AAN happen -**
- └ Loss of munition base capability and critical skills for unique munitions (fuze is an example), technology will disappear**
- └ AAN might not have the ability to kill the enemy whose position it has pinpointed**

└ Implement actions to preserve base so developments can proceed with funding and industry will be there for AAN.

- ▲ Review and implement details of Battelle Industrial Base Study
- ▲ Identify critical skills and technologies
- ▲ Program funds to procure quantities to "keep the doors open"
- ▲ Obtain authorization to procure w/o competition
- ▲ Multi-year contracting expanded
- ▲ Control overseas procurement in critical munition areas
- ▲ Globalization in ammo procurement should not be generalized policy
 - ammo is different
- ▲ Emphasize R&D investment now to meet future needs
- ▲ DOD has made defense a business, we must return to keeping the soldier and our nation's defense the number 1 priority